Frequent-flier plans: Poised for a crash? • Thurow on n-

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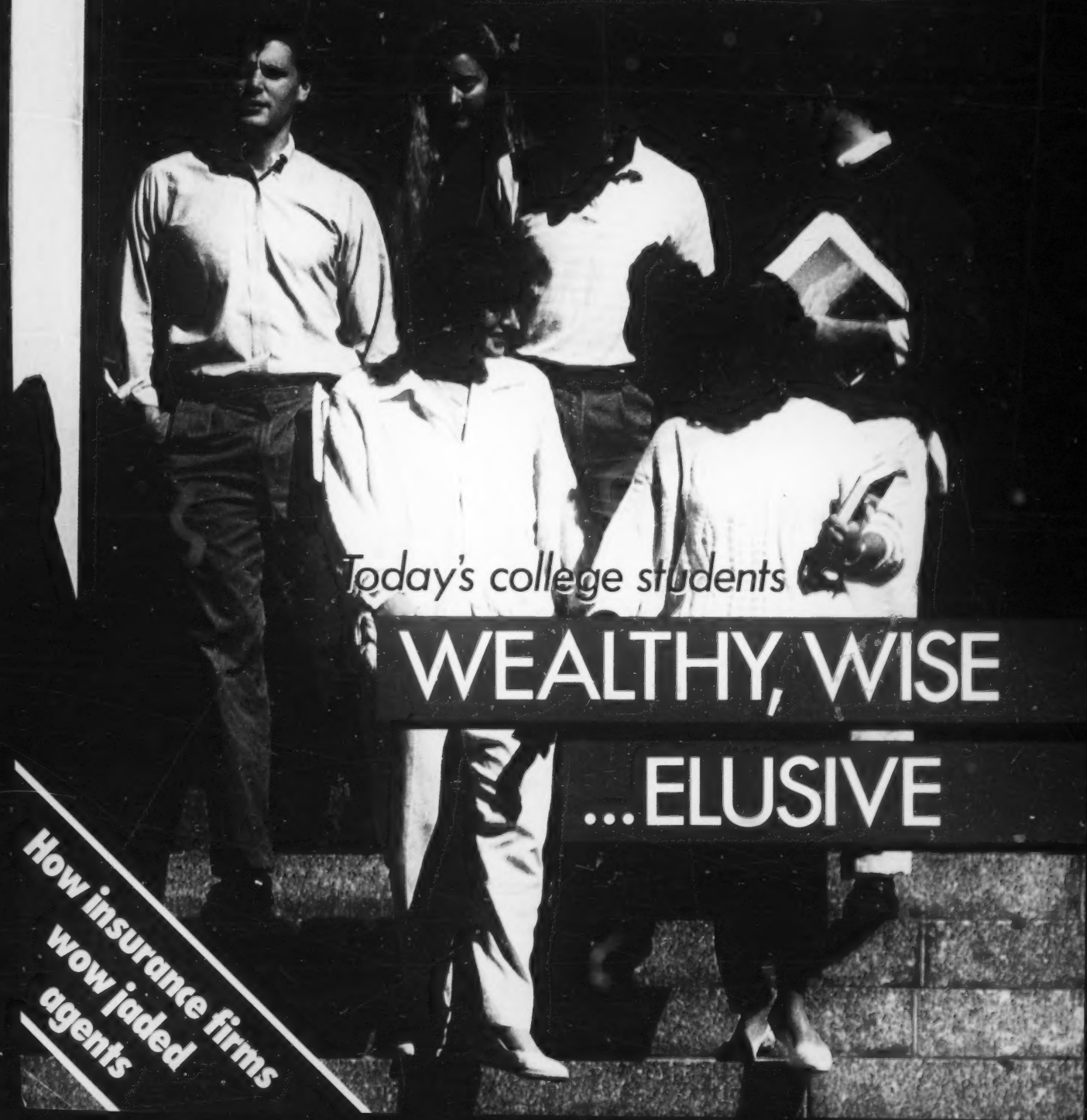
MARCH 1988

Incentive Marketing

A BILL PUBLICATION

INCENTIVE TRAVEL



Today's college students

WEALTHY, WISE ...ELUSIVE

How insurance firms wow jaded agents

INCENTIVE MARKETING

March 1988 84th year, Vol. 162, Number 3

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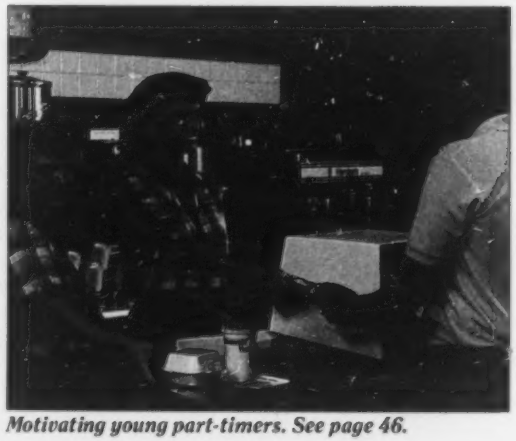

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tape," said Mike Dampier, assistant manager at Tower Video in West Hollywood, Calif.

Sweepstakes also are a popular vehicle. Media Home Entertainment offered a "Be in my nightmare" sweepstakes to promote rentals of "Nightmare on Elm Street 3." The grand prize: a walk-on part in the next sequel or $5,000.

CBS/Fox Video gave away a reconditioned 1958 Chevy convertible in its "Class of '60" sweepstakes for "Peggy Sue Got Married." Advertising encourages consumers to visit their local video store and reserve a copy of the tape.

"It is important to remember that the manufacturer doesn't get any additional income from rentals, so the game for them strictly involves getting the retailer to buy more," Baskerville said. If a sweepstakes coaxes consumers into expressing interest in a video, then the retailer is likely to buy additional copies of the tape.

HBO Video used a sweepstakes in a more direct ploy to build retailer interest in its release of "Million Dollar Mystery," a flop on the big screen. The sweepstakes will award $200 to 125 video viewers able to guess how much of the money hidden during the movie is never found. More importantly, every retailer purchasing a specially priced three-pack of "Million Dollar Mystery" cassettes will receive an equal share of $100,000. In other words, if 1,000 retailers buy the three-pack, each receives $100, said Eric Kessler, vice president of marketing for feature films at HBO Video in New York.

Special packaging promotions like HBO's are the latest wrinkle in the effort to boost unit sales. CBS/Fox recently sold a whopping 360,000 units of "Predator"—60 percent more than its original sales projection of 225,000 cassettes—with the aid of a specially priced two-pack. By purchasing the two-pack rather than individual copies, retailers saved as much as 30 percent of the wholesale cost.

The Paramount Pictures Corporation is packaging three different titles together in a joint promotion with Konica U.S.A. Inc. Retailers purchasing the collection of six copies of "Summer School" and two copies each of "Campus Man" and "Summer Heat" receive 25 free rolls of Konica 35mm color print film (retail value $75). Each tape carries a suggested retail price tag of $79.95. Single-copy buyers wait an extra week for the titles, which come priced at $89.95. The promotion features a second collection of titles, with a Konica 35mm Jump camera as the extra bonus.

"Promotions that package weaker films to stronger ones or re-releases of older titles to a new sequel encourage retailers to purchase more," Baskerville said.

—Aaron Sugarman

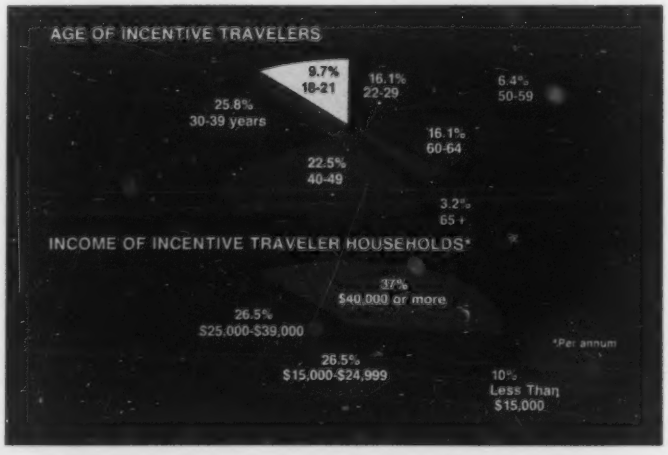
TURN TO PAGE 12

Gallup survey identifies American incentive travelers: 3 million in a year

More than three million Americans took incentive trips during the 12 months ending August 1987, according to a Gallup Organization study of airline passengers. This figure represents 6 percent of the 53 million who flew during that period.

Thirty-seven percent of incentive travelers earn $40,000 or more, and 48 percent are between the ages of 30 and 49. A spouse or guest accompanied 51 percent of the incentive travelers, the study reported.

"Gallup's number of accompanied winners is much lower than what we have found in the past," said John Kiley, president of the New York-based Society of Incentive Travel Executives (SITE) Foundation, which cosponsored the survey along with the Air Transport Association. "There seems to be confusion around what is considered a true incentive and an incentive-like meeting. The inconsistency stems from this confusion. We hope to clarify it for next year's study." The survey described an incentive trip as "a recognition or incentive travel award paid for by your company or another company."



Most winners—61 percent—took a trip within the United States, while 17 percent said they visited an overseas destination. Eight percent claimed to have attended trips in both domestic and foreign locations. The remaining 14 percent took trips to Caribbean locations and were not sure if the destinations were U.S. possessions, according to Gallup.

The Gallup survey is subject to a sampling error of plus or minus 1.6 percent. It provides the first census of American incentive travelers, according to SITE. ■

Today's college students:

BRANDEIS UNIVERSITY

WEALTHY, WISE ...ELUSIVE

College students are richer, more mature and more savvy than ever before. While marketing to these young people is profitable, it is not always easy to reach them.

By Joanne Levine

Marketing to today's college students is an investment in the future, as well as a means to cash in on an audience with money to burn and an eagerness to spend. The challenge is how to reach them.

College is a training ground for future consumer behavior. It is where many people get their first opportunity to make independent buying decisions. Many companies believe they can cultivate long-term loyalty by appealing to this sector. "If a product or service makes a positive impression the first time around, chances are the student will continue to be loyal to it," said Jim Omastiak, vice president and publisher of Whittle Communications' Campus Voice, based in Knoxville.

Many college students of today are a marketer's ideal consumer of tomorrow: educated and upscale. "You have to take the long-term view when marketing to this audience," said Edgar Smith, manager of national and dealer advertising for the Pontiac division of the General Motors Corporation, Pontiac, Mich. "We will often participate in programs just to get our name out there, even if we know immediate sales will not benefit."

But companies are looking for more than just a profitable future. About 13 million college students spend $20 billion annually on discretionary purchases, according to the National Association of College Stores (NACS), Oberlin, Ohio.

A 1986 survey of 4,369 students conducted for NACS by Simmons Market Research Bureau, New York, revealed that 61 percent of students had $100 or more to spend a month on discretionary purchases, while 19 percent had $250 or more. On average, students have just under $140 a month to burn.

What does the college student buy? Clothing and health and beauty aids account for the greatest proportion of discretionary spending. But big-ticket items like consumer electronics, computers and automobiles frequently are purchased, too.

"This age group spends till it drops," said Steve Barnett, chief executive officer of Research and Forecasts, a New York-based consumer trend consulting firm. Research and Forecasts employs cultural anthropologists who do much of their research through direct observation.

While parents still dole out money to college-aged children, the majority of students acquire at least some of their money through employment. More than 50 percent of four-year undergraduates work part-time during the school year, while nearly 90 percent work at least part-time in the summer.

The immediate future of this target group is cause for some concern for marketers who watch statistics. A steadily decreasing group since 1984, the college-age population will bottom out in 1995 at 12.9 million—a drop of 11.2 percent from 1987, according to Signe Wetrogan, demographer in the projection branch of the U.S. Census Bureau, Washington, DC. After 1995, this age group is

expected to climb upwards—11.9 percent by the year 2000.

However, demographic shifts so far have not affected college enrollment. In 1985, there were 12.2 million college students, 7.7 million in four-year universities, according to the Department of Education in Washington DC. The projected college enrollment figures for 1990 equal 1985's numbers.

While college enrollment has been holding steady, students' values have not. The most notable change can be seen in the 1987 student's drive for money, power and status.

More than three-quarters of college freshmen feel that being financially well off is a "top personal goal," according to the 22nd annual survey of entering freshmen conducted by the Council on Education and by the Higher Education Research Institute at the University of California at Los Angeles. The lowest proportion of freshmen in 20 years—39 percent—put a significant emphasis on developing a meaningful philosophy of life.

"Thanks to group living, it's easy for trends to start. It becomes monkey see, monkey do."

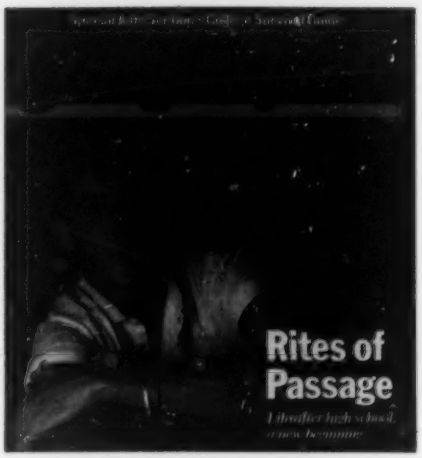
Twenty years ago, the survey found that most students ranked a meaningful philosophy as more important than financial well-being.

Attending college is seen as a way to make more money, according to 71 percent of the freshmen. This is reflected in the types of careers students are choosing. Business and computer science are the most popular majors, while the number of students majoring in the humanities, performing arts and social sciences has taken a dive.

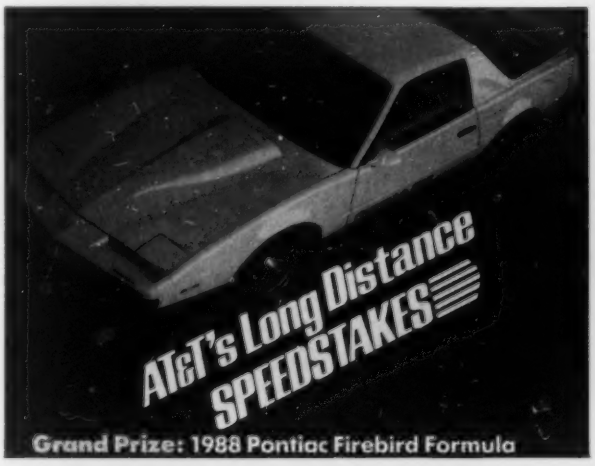
The search for financial security springs from the economic collapse of the 1970's—from skyrocketing inflation rates to massive layoffs—said Anne Clurman, senior vice president for Yankelovich Clancy Shulman, a marketing consulting firm in New York. "These students realize they can't take the economic future for granted," said Clurman.

Forces outside the family helped to shape the soul-searching introspective college student of the late 1960's and 1970's, said John Baker, research services director for Teenage Research Unlimited, a market research firm based in Levittown, N.Y. Vietnam, civil rights and the women's movement focused student attention on social agendas, said Clurman.

Politically speaking, the majority of today's freshmen call themselves middle-of-the-road. However, most endorse a number of traditionally liberal issues like legalized abortion and divestment in South Africa and oppose increased defense



Advertisers have a good chance to be seen in magazines distributed free to students.



AT&T sponsors a sweepstakes at direct-sales booths on campus to gain undergraduate subscribers.

Snickers appealed to students' love of music with a "band search" and sweepstakes.

WHAT'S HOT

- Fraternities/sororities
- Cheap beer
- Baked goods/snacks
- Local bands
- Technology
- Vegetarian pizza
- Briefcases
- Cowboy boots
- Skiing
- Condoms
- Dressing up
- Texas coast
- Fruit juice
- Real fur
- Computers/computer paper
- Lacy, feminine clothing
- Hair dryers
- No-ID Clubs
- Engagements
- Answering machines

WHAT'S NOT

- Beer-tasting parties
- Beer with lime in it
- Diet food
- National bands
- Politics
- Regular pizza
- Backpacks
- Quilted snow boots
- Fake tans
- Promiscuity
- Athletic wear
- Fort Lauderdale, Fla.
- Coffee
- Fake fur
- Video games
- High-top sneakers
- Neon
- Drugs
- Michael Jackson
- Spuds McKenzie

Sources: Edward Solomon, president, Campus Dimensions, Philadelphia; Hans Stechow, director of marketing, National Association of College Stores, Oberlin, Ohio; Lisa Thatcher, associate editor, Campus Voice, Knoxville, Tenn.

spending by government.

Life in the home has more influence than external politics in shaping today's student. "Family structures have changed dramatically," said Baker. "Both parents work, and often it is a two-family household thanks to divorce." Children are left alone at a younger age, and the result is a more mature, realistic and responsible student.

While the tide of the "killer yuppie" is ebbing, said Clurman, marketers still have to deal with a more savvy, goal-oriented college student who looks for value.

Companies that want to reach the college audience face a paradox: Students are easy to find but hard to reach.

Traditional media advertising does not work, according to Edward Solomon, president of Campus Dimensions, a Philadelphia-based sales promotion agency. Not only do students live on a unique time schedule, they have very little spare time. Any type of promotional effort should have a short life span, advised So-

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Circle No. 107 on Buyer Action Card

College students have an average of $140 a month to spend on discretionary purchases—everything from clothing to computers.

lomon. "Students do not have time to go on three-hour treasure hunts," he said.

On-campus advertising and promotions can have smashing results. "A campus is typically a small geographical area with a relatively large group of people working, eating and playing in the same central places," said Solomon. "Word of mouth spreads quickly on a campus because it's a fairly homogeneous group of people with similar interests."

At least 16 magazines for college students are published by such powerful players as the McGraw-Hill Publication Company, Newsweek Inc. and Time Inc. Most of these magazines are free and distributed on campus, and advertisers have a fairly good shot at being seen. As for on-campus events, sports sponsorships are popular. Since interest in sports is high on most campuses, said Solomon, schools with intramural teams welcome corporate sponsors.

College stores can be a terrific venue for promoters. No longer just bookstores, these retailers are mini-department stores. More than 500 product categories are sold in the average bookstore. "The marketer is guaranteed that walk-in traffic is the audience he wants to reach," said NACS director of marketing Hans Stechow.

When the Hewlett-Packard Company wanted to gain exposure on college campuses, it focused on the bookstores, Solomon said. Students could trade in an old calculator of any brand and receive a $10 certificate towards a Hewlett-Packard calculator. Students also could enter a drawing for a $100 Hewlett-Packard gift certificate.

Gift-with-purchase is another option for reaching value-oriented students. Josten's Inc., a maker of school rings, offered a 35mm Kodak camera with purchase. School rings, which were on a downswing for the past 15 years, have experienced a resurgence. "We needed a way to cut through the competition," said Tom Focke, director of marketing for Minneapolis-based Josten's. "Students are a well-educated buying group. They recognized this offer as a good value."

The promotion was offered at 900 schools. Although Josten's would not reveal the results, Focke said the company will use a gift-with-purchase offer again.

Costly as it may be, sampling can be an effective way to reach students. For a cost of $195,000 each, more than 30 companies—including the makers of Excedrin, Fig Newtons and Cheer—place sample products in Whittle Communications' "Good Stuff" welcome kit. The sample kit reaches 1.31 million students living on more than 500 campuses. Companies can select a box geared to males, females or both.

Students are susceptible to sub-

STANLEY®

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HOW COLLEGE STUDENTS SPEND THEIR FREE TIME . . .

(Mean hours per week)

Listening to FM radio	13 hours
Listening to records, tapes and CD's	9 hours
Watching T.V.	7.17 hours
Watching rented videotapes	4.76 hours
Participating in sports	4.62 hours
Going to fast-food restaurants	4.31 hours
Reading newspapers	4.22 hours
Shopping	3.56 hours
Reading magazines	3.14 hours
Going to the movies	3.07 hours
Working on a hobby	3.03 hours
Attending sports events	2.18 hours
Playing musical instruments	1.52 hours
Going to concerts	1.23 hours
Using PC's at home	1.23 hours

Note: Data collected from a survey of 18- and 19-year-old students by Teenage Research Unlimited, Lake Forest, Ill.

tle forms of peer pressure. "If a student likes a product he uses it. When he goes to take a shower and brings his shampoo, others see it. The shampoo registers with other dorm-mates who then may try it. It becomes monkey see, monkey do," said Baker of Teenage Research.

Spring break has become a popular promotion tie-in. Marketers have the chance to reach droves of students from all over the country who migrate to the beaches of Texas and Florida. The Rolling Stone Spring Break Showcase, in Daytona Beach, Fla., is a week-long trade show for college students. "For a cost ranging from $5,000 to $20,000, the promoters reach over 100,000 students," said Solomon, whose agency puts the program together.

The Miller Brewing Company often sponsors rock and comedy concerts during spring break in both Florida and Texas. Last year's celebrities included Bruce Hornsby and Howie Mandel. The brewer supports its spring break involvement with one million free-standing inserts dropped in college newspapers a week prior to the break.

"Sales fare well during this week, but the main objective is to build awareness around our name," said Steve Forsythe, public relations manager for Milwaukee-based Miller. "People reach drinking age in college. If we build awareness of our brand and become the beer of choice, there is a good chance students will drink it for the rest of their lives."

Other Daytona Beach, Fla., spring-break activities include: a three-day Gatorade volleyball tournament; TDK's "Tape Your Own Voice" promotion, in which students sing with background music and get to take home tapes made by sound engineers, and Nair's "Best Legs Contest." All sponsors give away specialty advertising items like T-shirts, painter's and baseball caps, calendars and posters, said Solomon.

Other times of year are staples for marketers. Since MTV Networks' image is best suited to the end of school, its annual promotion is a "School's Out Weekend" featuring telecasts from several colleges and a contest. The winner of "MTV's One to One Music Giveaway" in 1987 got to select a rock star—Howard Jones—to give a private performance at a local bar.

For AT&T, back-to-school is a critical time, because that is when students choose a long-distance carrier. "Students perceive AT&T as being priced 15 percent higher than its competitors," said Susan Budsock, college market staff supervisor for Baskingridge, N.J.-based AT&T. "In reality, the difference is about 3 percent. The first question students ask us is: 'Who is cheaper?' "

AT&T sets up direct-sales booths on more than 800 campuses to educate price-conscious students. To gain attention, scratch-off cards are handed out. Last year, the AT&T Long Distance Speedstakes featured such prizes as a 1988 Pontiac Firebird, a trip for two to London, a videocassette recorder, a mini-microwave and a telephone answering machine.

Why go to all this trouble? "Students move all the time, and promoting to them through direct mail is not always feasible," said Budsock. "We get a much better response being present on campus. AT&T claimed that it received more than 250,000 entry forms for its 1987 sweepstakes. ■

AND HOW THEY SPEND THEIR MONEY

(Mean percentage of discretionary income)

Clothing	14.6%
Groceries and toiletries	14.3%
Auto care	10.0%
Restaurants	8.4%
Bars and clubs	7.3%
Gifts	6.3%
Travel to visit family	4.6%
Travel for vacation	2.7%
Movies	4.0%
Concerts/theater	2.5%
Attending sport events	2.2%
Magazines/newspapers	1.9%
Participation in sports	1.9%
Cameras and equipment	1.2%

Note: Data collected from the National Association of College Stores, Oberlin, Ohio. The total does not equal 100 percent because not everyone purchases items from each category.